

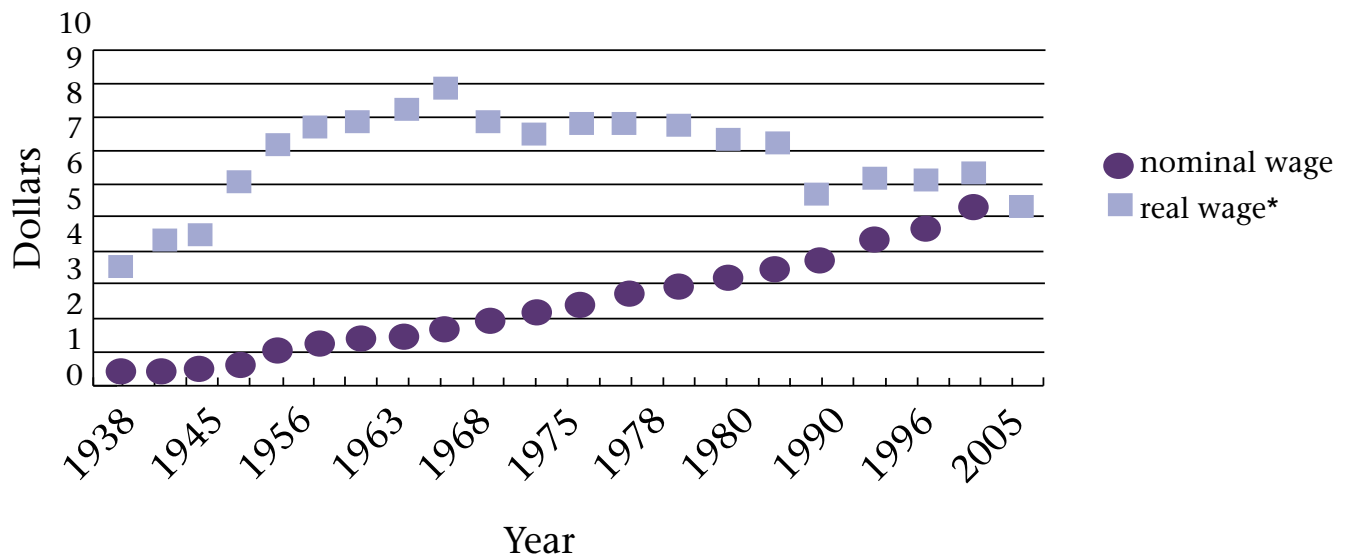
The Bare

Minimum Wage: Its History and Relation to Utah

So, you've just landed that perfect after-school job with a flexible schedule that fits right in between basketball practice and studying. After hearing the words "You're hired," you are informed that you will be earning minimum wage. Well, how much are they going to pay you? Actually, Utah doesn't have a state-defined minimum wage. Minimum wage in Utah is \$5.15 an hour, which is the minimum rate set by the federal government. A few exceptions to the federal wage rate exist, however, they generally only apply during the first 90 days of employment or are offset by additional earnings, such as tips.

What would happen if we didn't have a minimum wage? Prior to the Fair Labor Standards Act (FLSA) of 1938, employers could pay you whatever they wanted, or at least whatever you were willing to work for. The FLSA set the federal minimum wage to 25 cents an hour. Since then, minimum wage has been raised periodically until 1997 where it was set at the current rate of \$5.15 an hour. Amendments in 1961 and 1966 expanded the pool of workers who were covered by federal minimum wage laws, and by 1978 employees were entitled to minimum wage under almost the same criteria as today.

The Value of Federal Minimum Wage



* Real Wage Calculated in 2005 Dollars

Minimum

Are you wondering, “How could anyone survive on 25 cents an hour in 1938?” Enter the masking effects of inflation. When translated into today’s dollars, 25 cents an hour in 1938 becomes \$3.46 an hour. And inflation’s influence does not stop there. Despite the fact that minimum wage has been nominally increasing since its inception in 1938, the real value of minimum wage by today’s dollars has fluctuated considerably, peaking at about \$9.00 an hour in 1968.

Finally, who else in Utah is earning minimum wage? Not including the self-employed, approximately 19,000 Utahns earned a wage that was at or below \$5.15 an hour in 2004. That equates to about 1.7% of the state’s total employment. On a national scale, about 51% of the people earning at or below \$5.15 an hour are under 24 years old. ⓘ

